

Breckland Council

Financial report for the year ended 31 March 2020

This report has three sections

- Section 1 – Revenue budget
- Section 2 – Capital budget
- Section 3 – Treasury update

Figures in brackets denote either income, an under spend or above budget income. Positive figures denote either spend, an over spend or below budget income.

Section 1 - Revenue

Table 1 – Actual Revenue Outturn

	Budget £'000	Actual Out-turn £'000	Actual Variance £'000
Cost of Services			
1) Strategy & Governance (S&G)	4,950	5,072	122
2) Growth & Commercialisation (G&C)	1,873	1,901	28
3) Place (PL)	6,776	6,946	170
4) Housing Benefits (HB)	287	476	189
5) Total Cost of Services before reserves	13,886	14,395	509
6) Contributions to/from reserves (RES)	(480)	(978)	(498)
7) Total Cost of Services	13,406	13,417	11
Funding & Appropriations			
8) Appropriations (APP)	2,522	2,522	-
9) Government grants (GRA)	(4,523)	(4,477)	46
10) Council Tax (CT)	(4,003)	(4,003)	-
11) Retained Business Rates (NDR)	(7,402)	(7,235)	167
12) Total Funding	(13,406)	(13,193)	213
Contribution (to)/from the General Fund	-	224	224

Significant variances are detailed over the page.

Salaries

The budgeted vacancy factor for 2019-20 is 4% for Breckland staff and 2.5% for Anglia Revenues Partnership (ARP) staff.

The achieved vacancy factor for this year is 2.3% for Breckland staff and 2.7% for Anglia Revenues Partnership (ARP) staff.

Table 2 - Significant Variances

Cost Centre	Port- folio	Total Budget £	Total Variance £	Comments
1) High/Ongoing Impact				
1a) Housing Benefit	S&G	286,954	189,504	This variance relates to higher bad debt provision (£50k) for overpayments due to the impact of Universal Credit. The remaining variance relates to the high costs of temporary accommodation – this is after the approval of a further £500k budget to cover these costs.
1b) Development Control	PL	(422,647)	72,431	Planning application fees income came in below budget due to a significant reduction in February & March and a one off costs for legal fees following a lost court case.
1c) Community Safety	PL	304,835	60,284	Additional costs of £19k relating to ageing CCTV equipment, funding towards county wide campaigns on domestic abuse & county lines and below budget income of £30k introduced as part of the service review.
1d) Legal Services	S&G	133,104	49,561	The above budget spend relates to a high volume of external costs mainly relating to; planning enforcement, commercial property (including a dilapidation case) and an increase in non-routine governance queries. In addition a fixed term member of staff was made permanent during the year, the budget for this has been allowed for in future years budgets.
1e) Land Charges	PL	(34,450)	46,396	Reduced income as a result of customers using lower cost personal search companies.
1f) Building Control	PL	246,477	41,529	Reduced income compared to budget as a result of large development work being undertaken by approved inspectors rather than our team.
1g) EHC UK	S&G	(9,405)	30,402	Below budget income compared to forecasts and business case.
1h) Community Development	PL	257,622	23,105	Additional consultancy & hired services costs not forecast when budget was set. Plus service was fully staffed, so no vacancies achieved.
1i) Local Elections	S&G	427,821	10,927	A combination of increases to polling station costs, national living wage and postage costs has resulted in this above budget spend.
2) High Opportunity				
3) One Offs				
3a) Retained Business Rates	G&C	(7,401,773)	166,555	Additional levy payment relating to the NNDR Pilot – this value is draft & could move up or down when other Norfolk authorities out-turn is known.
3b) Corporate Finance	G&C	(200,578)	49,411	This variance relates to lost interest from 3 rd party loans where the start date has been delayed (£40k), overall the interest will be achieved, but some will be received in later years. And one off costs of new software to comply with new security regulations (PSD2).
3c) Government Grants	GRA	(4,522,796)	45,674	An MHCLG formula error amended the grants receivable by Councils after the budget had been approved.
3d) Enabling	G&C	113,448	21,707	One off consultancy costs in year for specific projects and valuation of amenity land.

Cost Centre		Total Budget £	Total Variance £	Comments
3e) Democratic Services	S&G	694,796	19,291	Additional allowances & travel costs relating to Members, the budget has been increased in future years to reflect this.
3f) CIP	S&G	169,676	16,008	Additional costs relating to interim manager appointed alongside the departing manager for continuity purposes and higher travel costs.
3g) PFI	PL	278,199	(16,144)	Reversal of previous years provision for joint use charges which will not be paid.
3h) Occupational & Corporate H&S	PL	89,224	(17,754)	This relates to a vacancy within the service and contributes to the overall 4% vacancy factor.
3i) Pension Act	G&C	891,560	(23,688)	Lower costs than forecast at budget time.
3j) Programme Delivery	G&C	57,924	(31,120)	This relates to a vacancy within the service and contributes to the overall 4% vacancy factor.
4) Low Impact				
4a) Miscellaneous		9,119,620	(32,248)	Net effect of other smaller value variances
4b) Reserves	RES	(479,611)	(497,974)	Due to the high level of overspends in other areas, the contributions from the NNDR Pilot into the Growth & Investment reserve and the General Fund could not be made.
5) TOTAL		-	223,857	

Collection Funds

Council Tax

The Council Tax collection fund account had a residual surplus of £49k overall at the end of 2018-19, with Breckland's share being £4k. The out-turn for 2019-20 taking account of the budget, the year-end balance and the current year is a deficit of £152k, with Breckland's share being £16k. These will be adjusted for in future years budgets.

Retained Business Rates

The retained Business Rates (NNDR) collection fund account had a residual deficit of £2,817k overall at the end of 2018-19, with Breckland's share being £208k, due to the high level of appeals. The out-turn for 2019-20 taking account of the budget, the year-end balance and the current year is a forecast surplus of £401k, with Breckland's share being £183k. These will be adjusted for in future years budgets.

The 75% Business Rates Retention Norfolk Pilot was budgeted to provide an additional £559k to the Council for 2019-20 only. The out-turn is based on Q3 forecasts until other Norfolk authorities have finalised their figures. The current values included are £550k, which is close to budget. However this value is currently draft and could change significantly either up or down once final values are known. The budget allowed for this income to be split between the Growth & Investment reserve and the General Fund, but due to the high over spend this year these contributions cannot be made.

Other Risks

The following areas are financial risks which the Council is facing, but the actual financial implications have not yet been fully quantified:

- Clinical waste will no longer be collected by doctors surgeries, but will need to be collected by District Councils instead.

Full risk registers are held within the corporate improvement team.

Section 2 - Capital

Table 1 - Progress against 19-20 approved capital programme

	Budget £	Actual Out-turn £	Actual (under)/overspend £
Commercialisation			
Property (Land & Buildings)	961,389	507,921	(453,468)
ICT and Vehicles & Equipment	325,991	311,812	(14,179)
Capital grants	800,000	95,544	(704,456)
Capital loans	411,342	198,419	(212,923)
Total Commercialisation	2,498,722	1,113,696	(1,385,026)
Strategy & Governance			
ICT and Vehicles & Equipment	1,114,801	1,034,664	(80,137)
Not yet released	95,000	-	(95,000)
Total Strategy & Governance	1,209,801	1,034,664	(175,137)
Place			
Property (Land & Buildings)	456,667	399,782	(56,885)
ICT and Vehicles & Equipment	33,665	7,384	(26,281)
Grants	2,240,158	1,693,103	(547,056)
Total Place	2,730,490	2,100,269	(630,221)
TOTAL	6,439,013	4,248,629	(2,190,384)

Actual outturn £4,248,629 or 66%

Table 2 - The variance is shown below:

Project	(under)/ over spend £	Carry over to Future £	
Commercialisation			
Snetterton Power	-	(420,796)	Re-profile of project spend (grant funded).
Capital loans	-	(212,923)	Loan profile drawdown profile.
Public Lighting	-	21,537	Spend in 19-20 funded from next years budget.
Car Parks	-	(25,579)	To align re-surfacing with planned drainage works.
Rolling maintenance	-	(17,890)	Budget required for work committed in 20-21.
Air conditioning	-	(40,000)	Links to worksmart 2020 project.
Car park ticket machine	4,284	-	Small overspend.
Shipdham land	-	(283,660)	Re-profile of project spend (grant funded).
Land transfer	-	(50,000)	Re-profile of project spend, project is in progress.
Bertie Ward Way	-	(344,000)	Re-profile of project spend.
Swaffham new build	-	(16,000)	Committed re fees for planning & architects in 20-21.
Strategy & Governance			
ICT Strategy projects	-	(175,136)	Revised programme of officer refresh & agile working/infrastructure works.
Place			
Disabled Facilities Grants	-	(187,683)	Balance of grant funding to be available in 20-21.
Enhance grants	-	(73,992)	Balance of grant funding to be available in 20-21.
Public protection	-	(26,281)	Balance relates to data migration.
Temporary Accommodation	-	(56,885)	Refurbishment of new temporary accommodation – project is in progress.
Thetford HIF	-	(285,380)	Re-profile of project spend (grant funded).
Total	4,284	(2,194,668)	= (£2,190,384) Total

Section 3 – Treasury

Security

The low actual risk for the Council's portfolio of investments reflects its cautious approach to counterparty selection which in turn is reflected in lower investment returns.

	Maximum risk level	Actual risk level	Variance
Investments maturing in < 1 year	0.060%	0.017%	0.043%
Investments maturing between 1 - 2 years	0.060%	n/a	-
Investments maturing between 2 - 3 years	0.080%	n/a	-

Liquidity

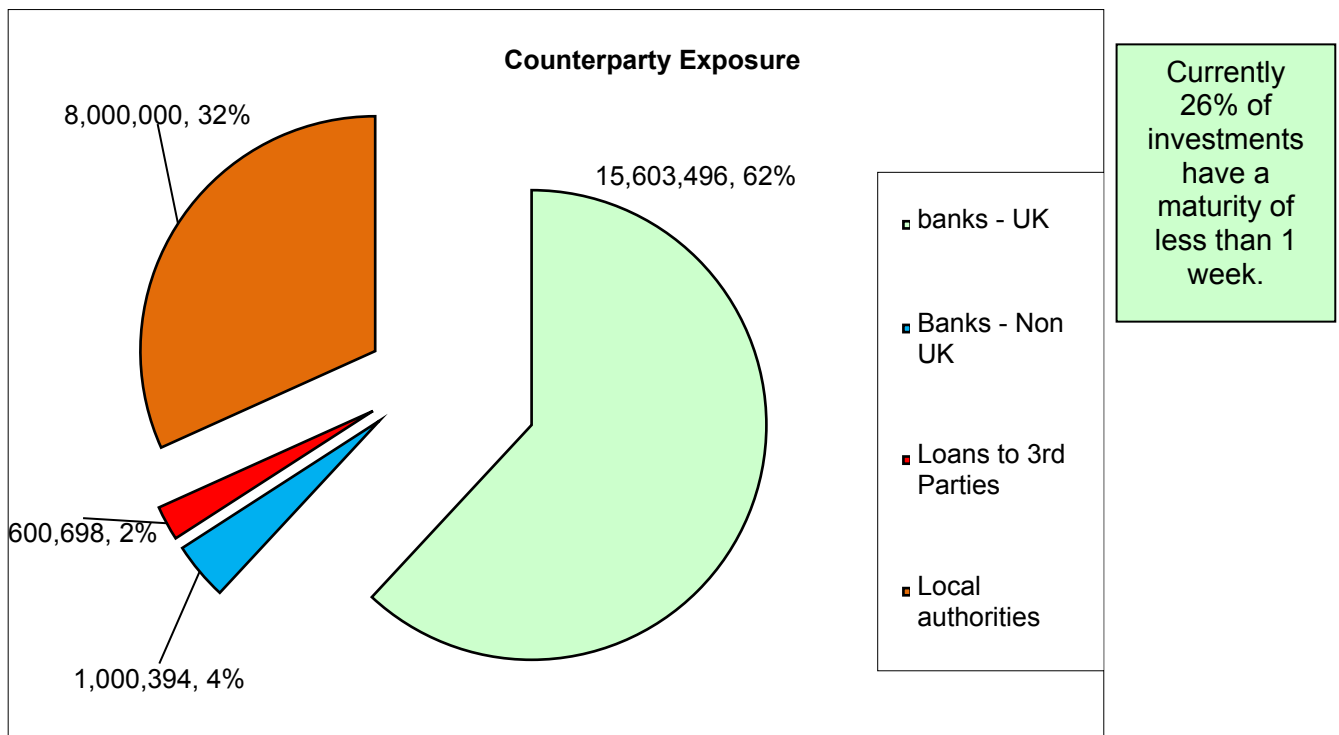
The Council had an average of £6.3m instant access cash available during the reporting period. This was slightly higher than our requirement of £5m. The council did not use its overdraft facility in this reporting period. The weighted average life (WAL) of investments was 128 days.

Yield

	Budget	Forecast	Variance
Interest receivable 2019-20	£349,682	£313,851	£35,831
Yield (3 month LIBID ¹)	0.634%	0.892%	(0.258%)

The below budget income relates to expected loans to 3rd parties at market rates which have not yet been made, the variance gives the expected effect on the full year if loans are made as expected later this financial year.

Our exposure to different counterparties is shown in the graph below.



¹ LIBID – London Inter-bank Bid Rate